

Washington State Climate Study

Presented to
Senate Economic Development Committee

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WASHINGTON STATE
ECONOMIC AND REVENUE FORECAST COUNCIL



Study Overview

- Established in 1996 under RCW82.33A to provide information to the legislature as to the competitiveness of Washington's economic climate relative to the other states.
- Indicators chosen by advisory committee with representatives from government, business, and labor
 - Consistent across states
 - Timely
 - Valid and accurate
- Produced by Economic and Revenue Forecast Council in consultation with Washington Economic Development Commission



Overall, Washington's performance was mixed

- 41 Total Indicators and Benchmarks
 - 35 Updated
- 32 indicators with ranks relative to other states:
 - 12 improved
 - 11 worsened
 - 9 unchanged
- 33 indicators which measure year-over-year performance:
 - 14 improved
 - 16 worsened
 - 3 unchanged



Study Indicators

Benchmarks Separated into four categories:

- Innovation Drivers
 - 18 Indicators
 - Average Rank: 19
- Business Performance
 - 4 Indicators
 - Average Rank: 8
- Economic Growth and Competitiveness
 - 9 Indicators
 - Average Rank: 17
- Quality of Life
 - 10 Indicators
 - Average Rank: 16



Innovation Drivers

Innovation Drivers – 19th

- Talent and Workforce
 - 8 Indicators
 - Average rank 21st
- Entrepreneurship and Investment
 - 3 Indicators
 - Average rank 11th
- Infrastructure
 - 7 Indicators
 - Average rank 25th



Innovation Drivers

Indicator	Performance	Rank
College Participation	Unchanged	Worsened
High School Education	Improved	Worsened
Bachelor's Degree	Improved	Unchanged
Tenth Grade WASL	Worsened	N/A
Fourth Grade Reading	Worsened	Worsened
Migration Rate	Unchanged	Improved
Total R&D	Improved	Unchanged
Interstate Conditions	Improved	Worsened
FAA Air Traffic	Improved	Improved
Electricity Costs	Worsened	Improved
Tax Collections	Improved	Improved
Workers' Comp. Costs	Worsened	Worsened

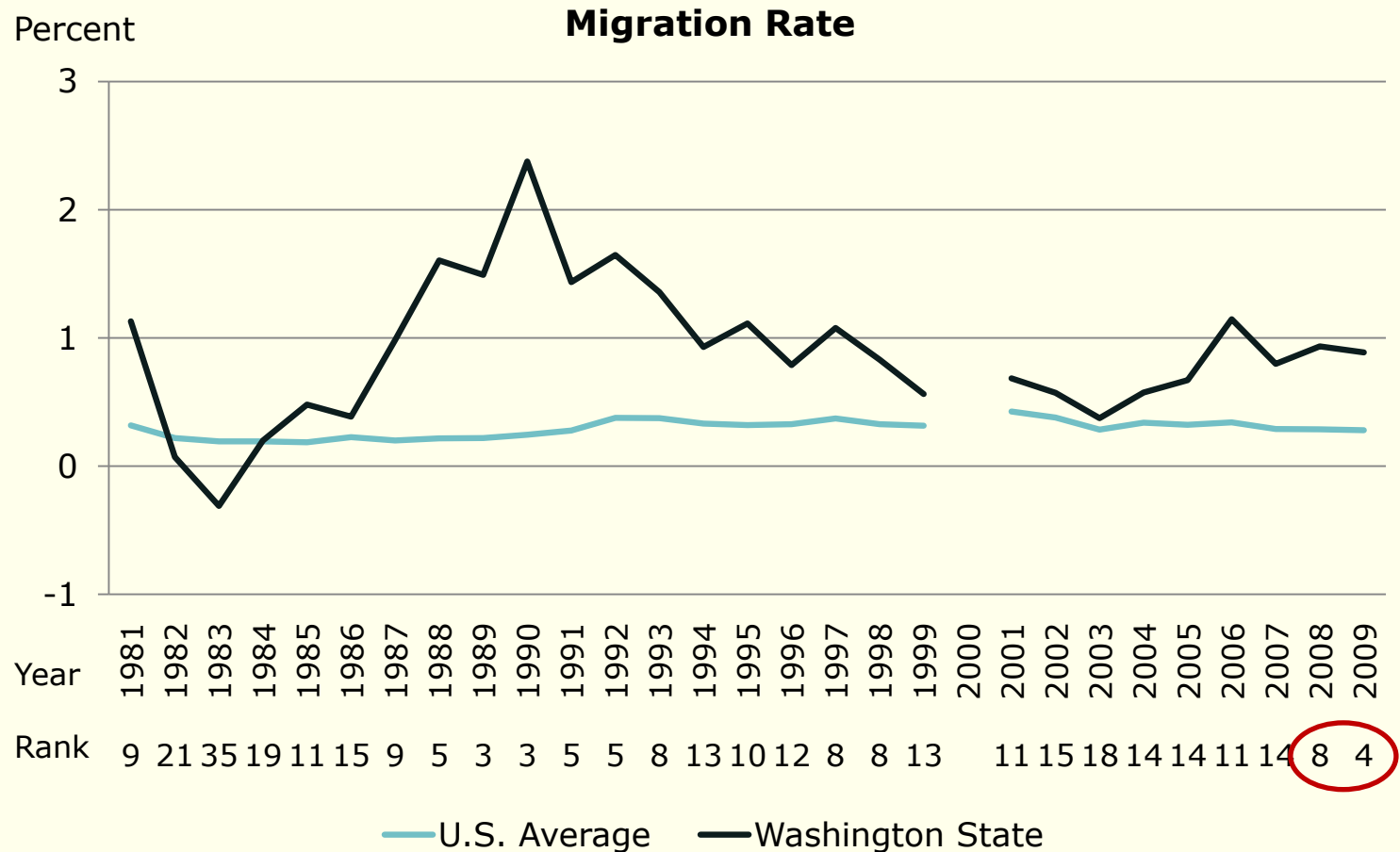
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Migration in Washington has been trending upward since 2003

The state's migration rate of 0.9% is much higher than the nation average of 0.3%

Washington ranked 4th in total migration and on a per capita basis



Source: U.S. Census Bureau, ERFC; data through 2009

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Electricity Prices in Washington have remained stable since 2001 while they have increased nationally

Washington once again had the lowest electricity costs in the nation in 2009

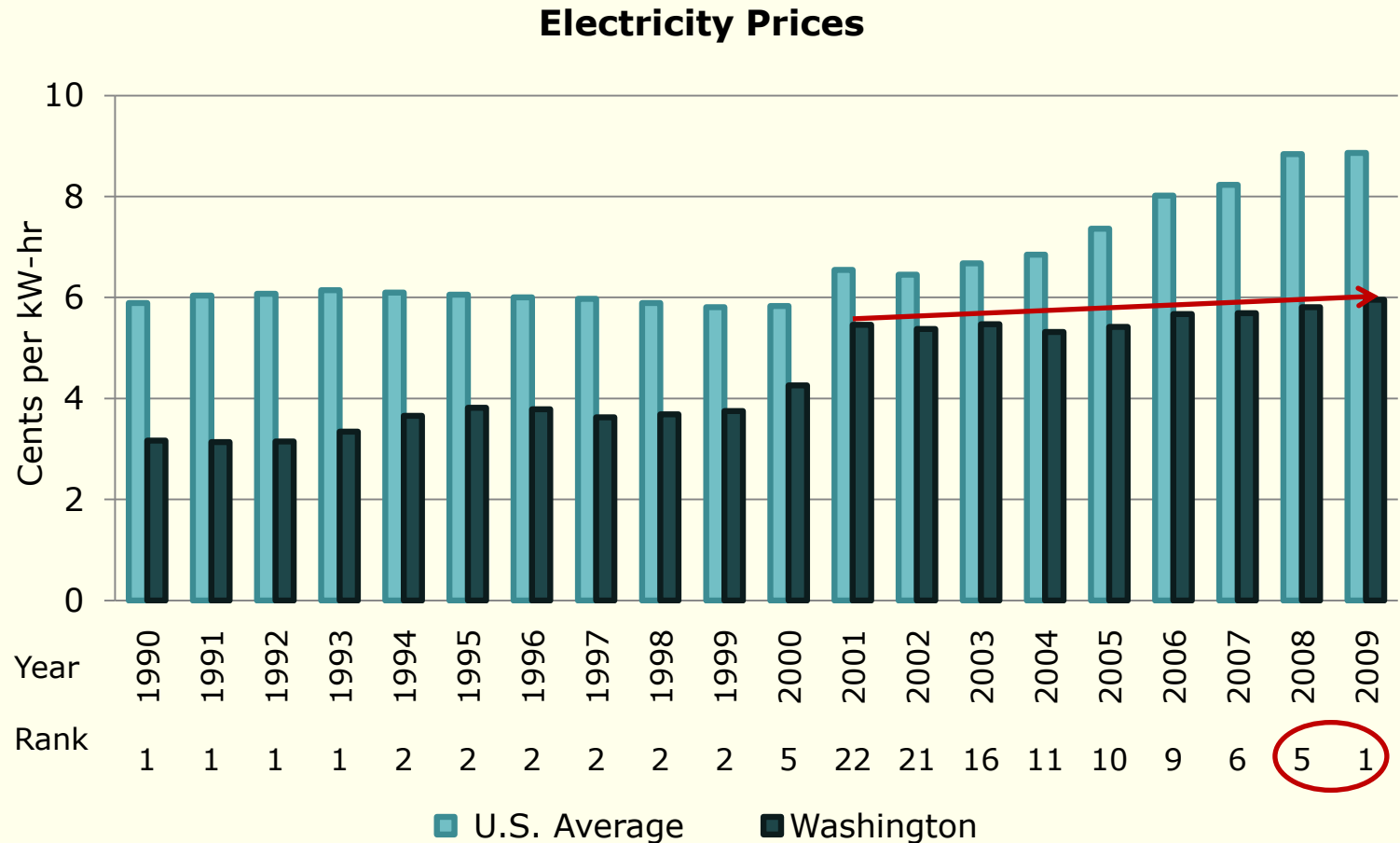
The state's 5-year average price ranks 6th in the nation

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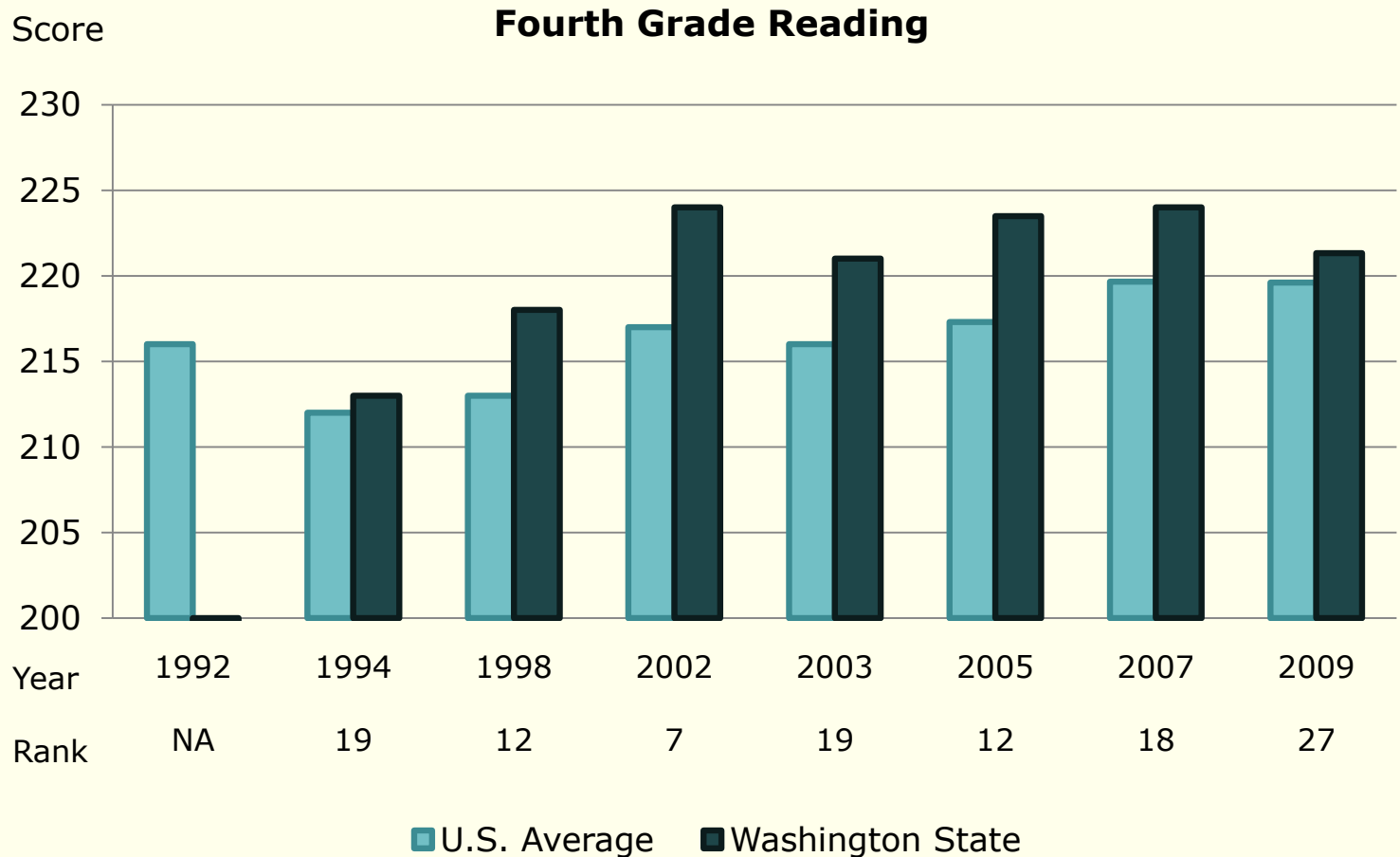


Source: U.S. Energy Information Administration, ERFC; data through 2009

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Fourth grade reading has declined in recent years



Source: National Center for Education Statistics, ERFC; data through 2009

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Washington ranks 16th in average score since 2002

Despite ranking 27th, WA's score was still slightly above the national average

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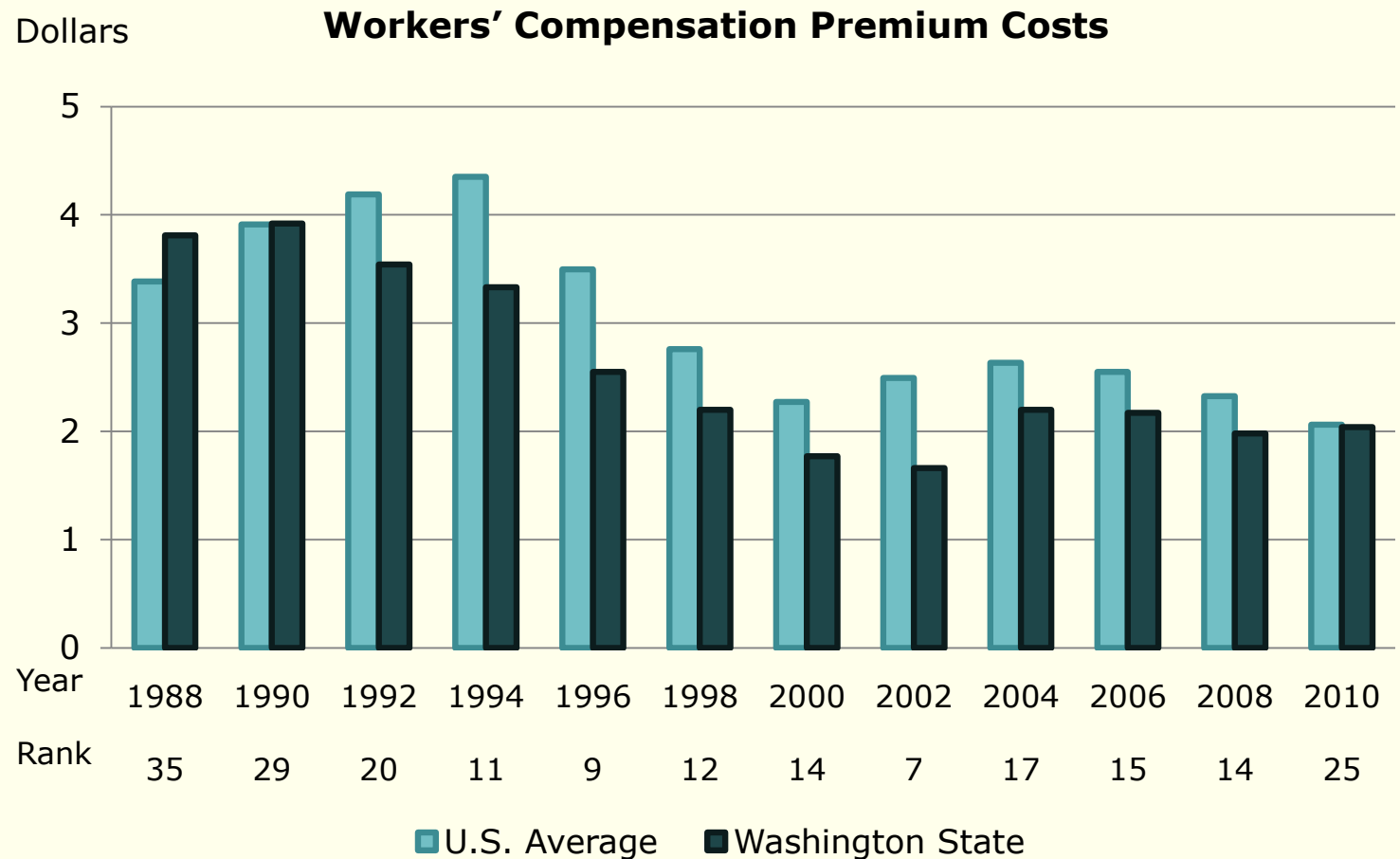


Workers' Comp costs increased slightly in WA while they decreased nationally

WA still remains well below the national average over the last 5 years and ranks 16th.

Premium costs were \$2.04 per \$100 of payroll in the state

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Source: Oregon Worker' Compensation Premium Rate Ranking, ERFC; data through 2010

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Business Performance

Indicator	Performance	Rank
Foreign Exports	Worsened	Improved
Foreign Exports Excl. Trans. Equipment	Worsened	Worsened
Growth in High Wage Industries	Improved	Improved
Value Added in Manufacturing	Worsened	Worsened

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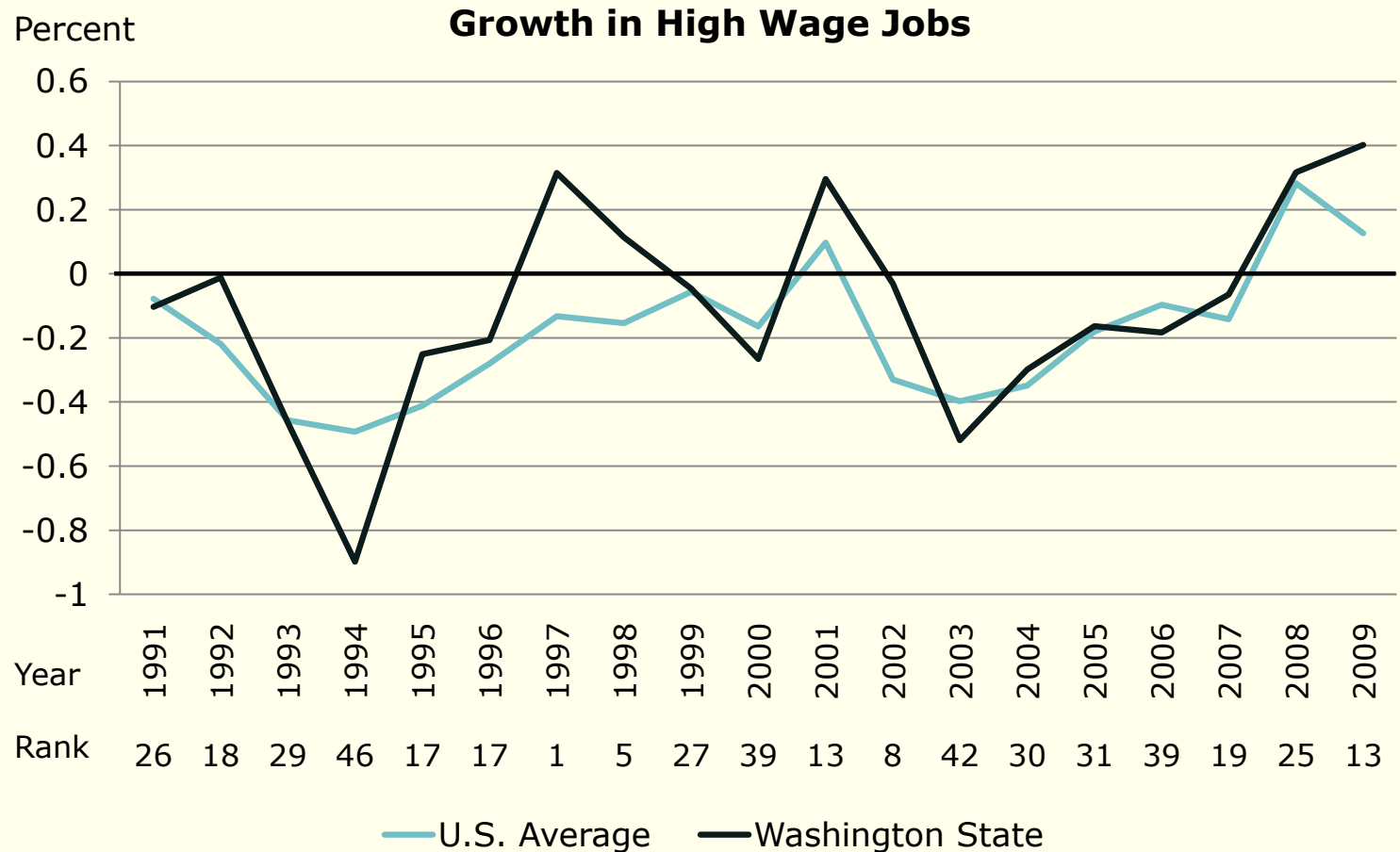


Growth in High Wage Industries was positive for the second year in a row

The percentage of jobs in WA in high wage industries is now above 50%

This was the first time since 1997-98 that the share of high wage jobs increased for 2 consecutive years in WA

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Source: ERFC; data through 2009

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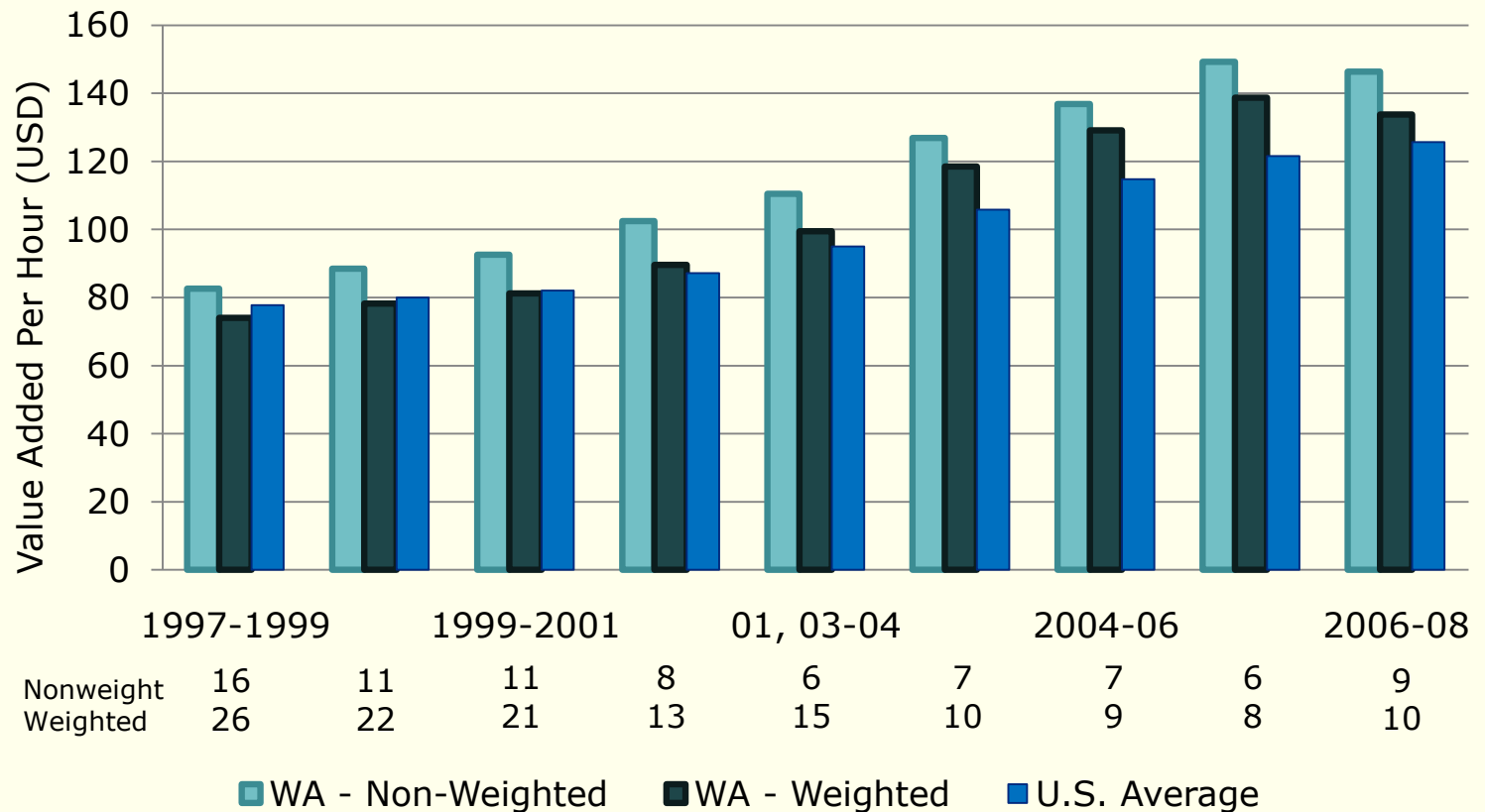
Washington continues to outpace the national average in value added

WA's rank in the weighted measure worsened from 8th to 10th

Washington's value added per hour of labor remains well above the national average

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Value Added Per Hour of Labor in Manufacturing



Source: U.S. Department of Commerce, ERFC; data through 2008



Economic Growth and Competitiveness

Indicator	Performance	Rank
Per Capita Income	Worsened	Improved
Income Growth Rate	Worsened	Unchanged
Employment Growth	Worsened	Worsened
Household Income	Improved	Improved
Annual Earnings Per Job	Improved	Unchanged
Earnings Growth Rate	Worsened	Unchanged
Unemployment Rate	Worsened	Worsened
Housing Index	N/A	N/A
Average Wages	N/A	N/A

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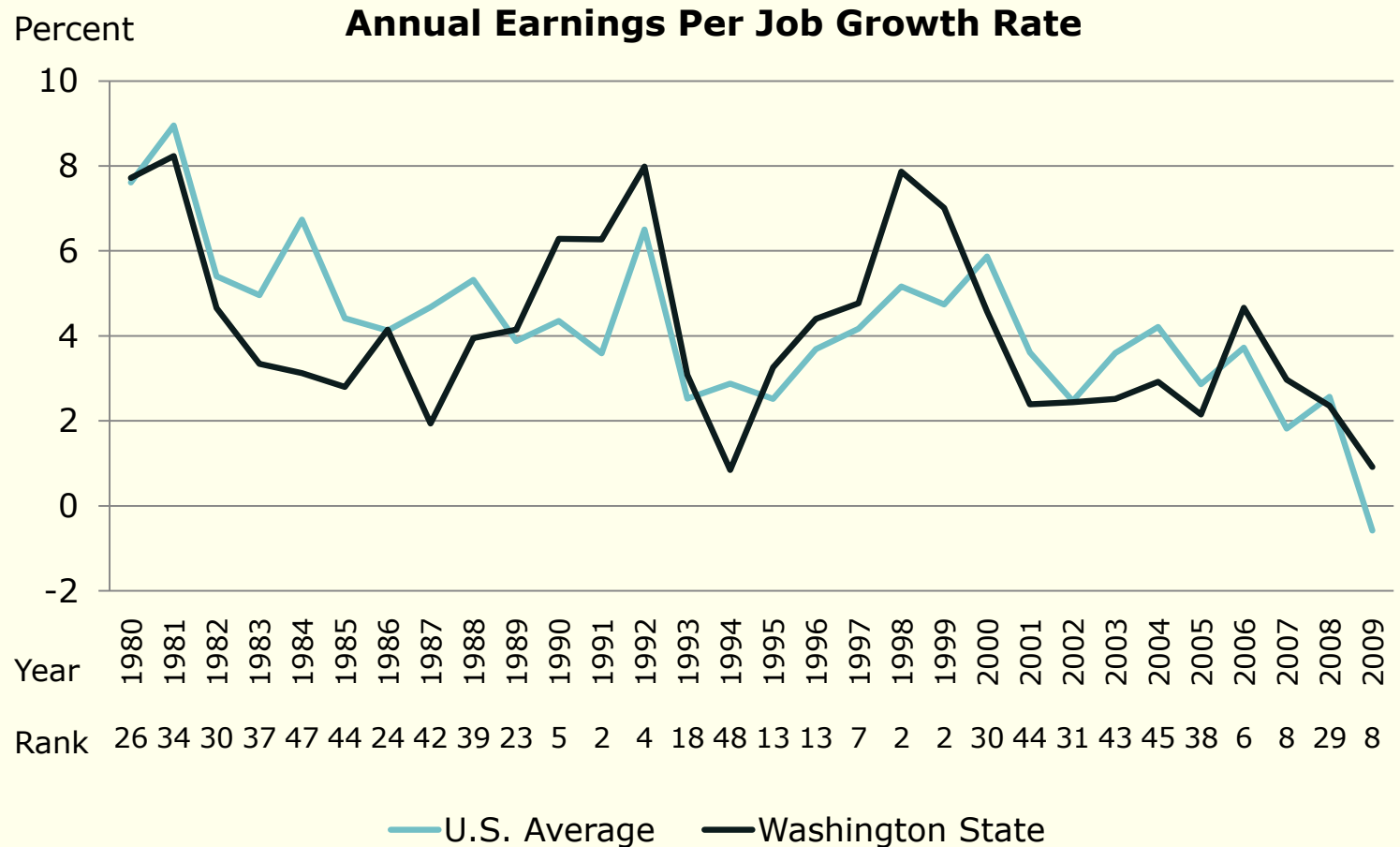
Earnings decreased nationally but stayed positive in Washington

Washington's rank improved from 29th to 8th in 2009

U.S. experienced negative earnings growth for the first time since 1980

The 5-year average of 2.6% ranks 10th among the states

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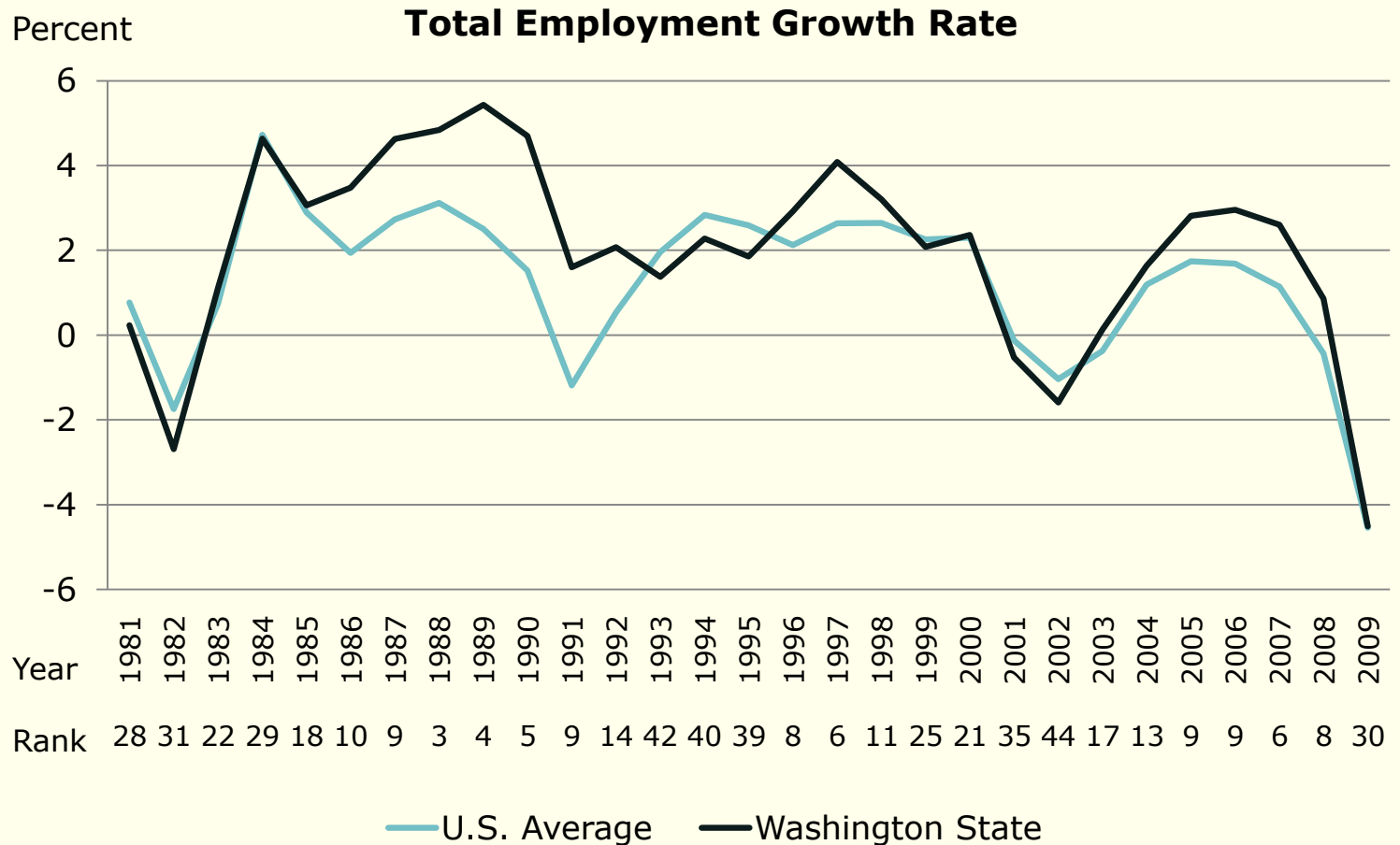


Source: U.S. Dept of Commerce, BEA, ERFC; data through 2009

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Employment plummeted nationally and in Washington



Source: U.S. Dept of Commerce, BEA, ERFC; data through 2009

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This was the first time WA didn't outperform the nation since 2002

The 5-year average of 0.9% ranks 8th among the states

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Quality of Life

Climate Benchmark	Performance	Rank
Homicide	Improved	Unchanged
Violent Crime	Unchanged	Unchanged
Arrest Rate	Worsened	Worsened
Air Quality	Worsened	Worsened
Drinking Water	Improved	Improved
Toxins Released	Improved	Improved
Health Index	Improved	Unchanged
State Parks and Rec	Worsened	Unchanged
State Arts	Worsened	Improved
Library Service	Improved	Unchanged

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The amount of toxins released continues to decline

The amount of toxins released declined 43% in WA in 2009

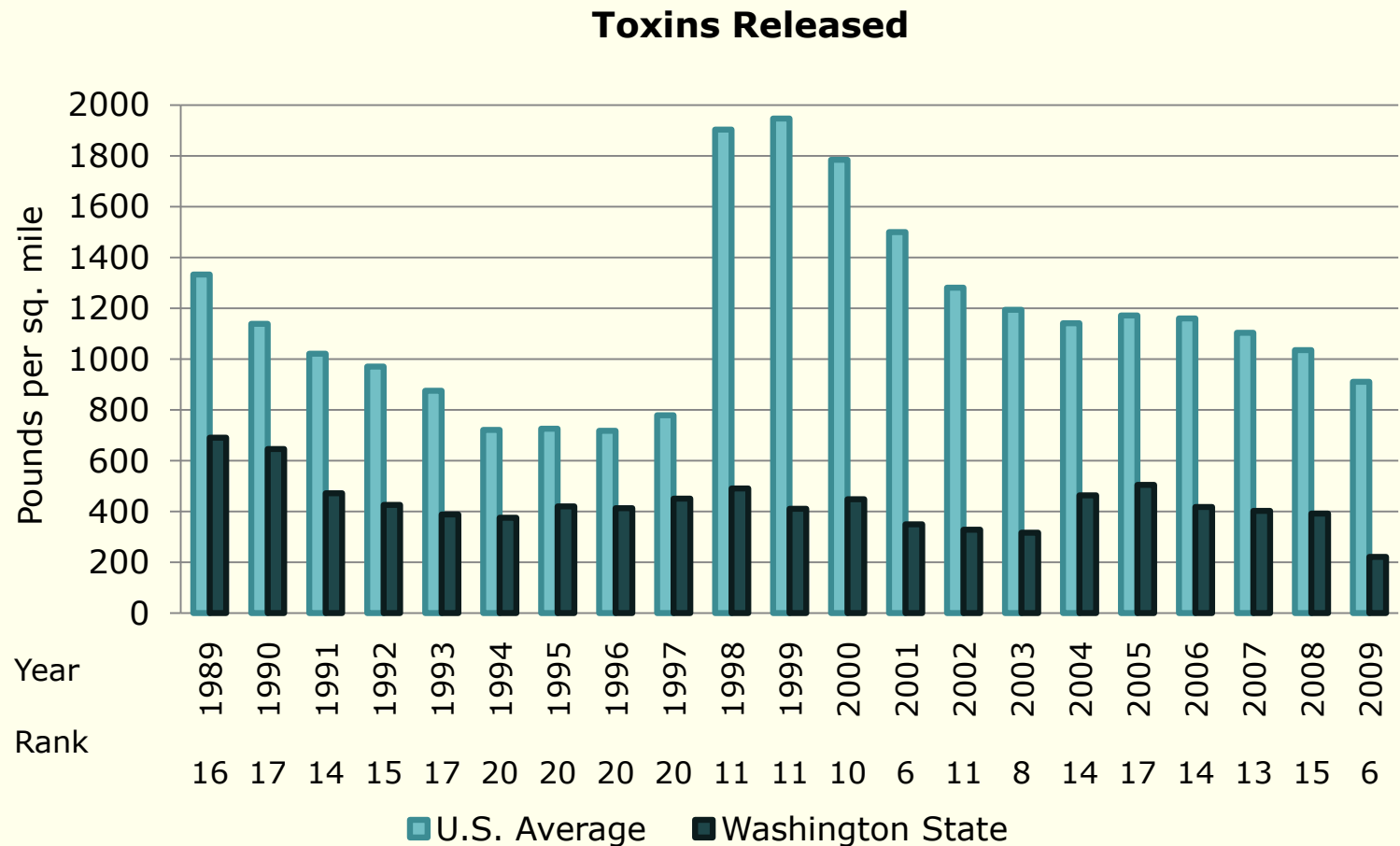
WA's 5-year average was 64% below the U.S. average

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Source: U.S. Environmental Protection Agency, ERFC; data through 2009

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Washington's air quality index was the worst since 2004

This was the first time since 2004 that WA had residents living in non-attainment areas

The EPA states that the pollutants monitored have adverse effects on the environment and human health

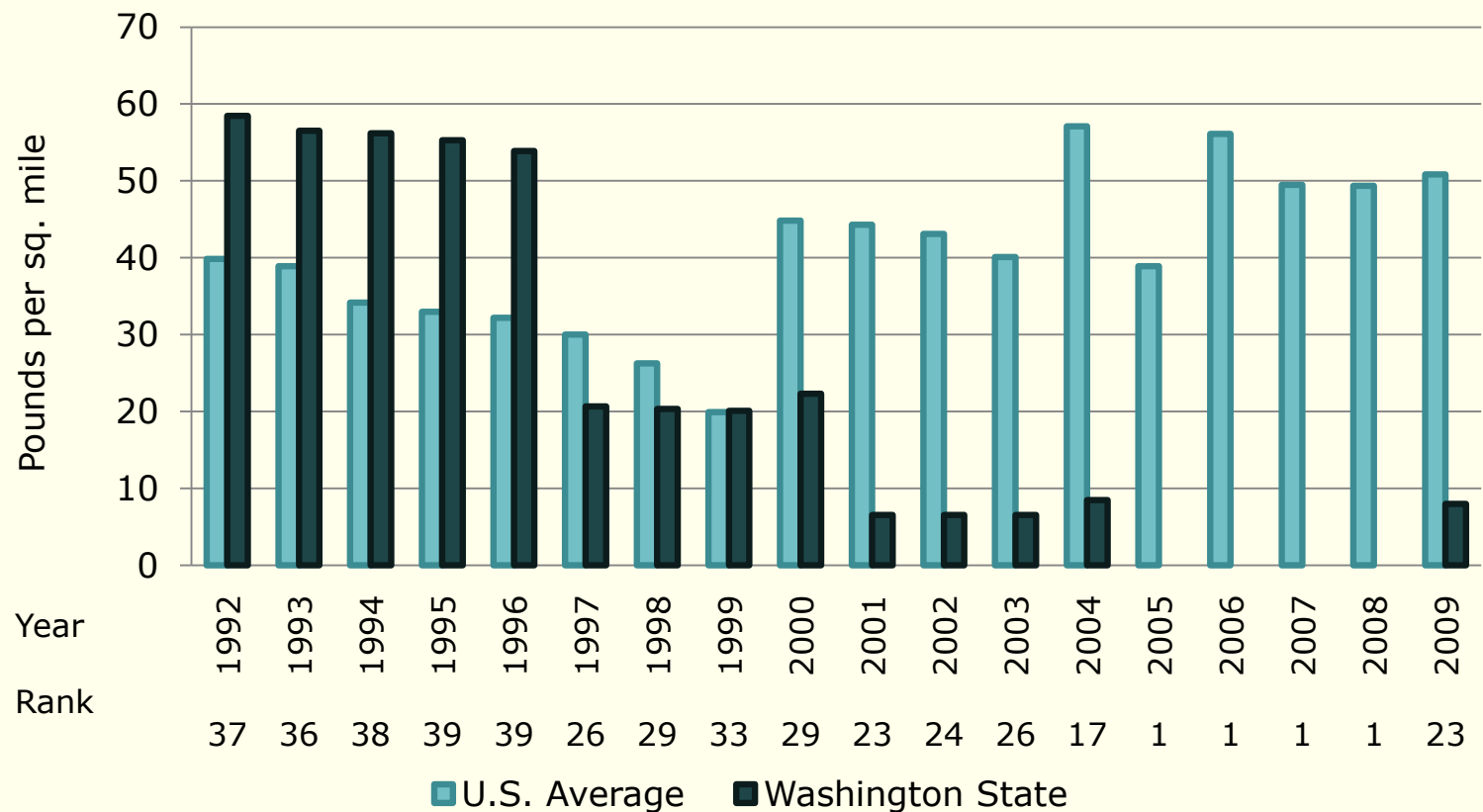
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Air Quality Index



Source: U.S. Environmental Protection Agency, ERFC; data through 2009

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	Improved	Worsened	Unchanged
Rank	12	11	9
Performance	14	16	3

- Overall, Washington's Climate Study indicated lack of improvement
 - Performance compared to past years generally worsened
 - Washington's rankings relative to others states had offsetting changes
- No category showed significant improvement
 - Quality of Life had the most improvement, but it was modest
 - Innovation drivers, business performance, and economic growth all had mixed results



Questions



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